

## Management's Discussion and Analysis

As management of the City of Franklin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2007, by \$172,740,058 (**net assets**). Of this amount, \$1,242,594 (**unrestricted net assets**) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by a net amount of \$2,201,120. Investment in capital assets, net of related debt increased by \$16,201,400, while unrestricted net assets decreased by \$11,889,049 and the decrease in restricted net assets was \$2,111,231. The decreases were related to the new TIF Districts investing in infrastructure and using interfund advances to facilitate that investment.
- The City's governmental funds reported, as of December 31, 2007, combined ending fund balances of \$21,611,000, a decrease of \$2,124,465 from the prior year. There was a (**unreserved fund deficit**) in total of \$8,473,809 due primarily to using interfund advances in the TIF Districts until actual spending has been determined. The combination of future tax increments and a permanent borrowing will address that issue. Unreserved fund balances in the other funds amounted to approximately 31 percent of the total fund balance, or \$6,781,329 and is available for spending at the government's discretion.
- The unreserved fund balance as of December 31, 2007 for the general fund was \$4,889,492 or approximately 22 percent of total anticipated 2008 general fund expenditures.
- The City's Governmental activities debt increased by \$8,105,000 during 2007. Normal repayments of \$2,350,000 and prepayments of \$9,470,000 were offset by the issuance of \$10,000,000 in debt used by TIF District #3 and \$9,925,000 in debt used to prepay existing general obligation debt.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities of the City include general government, public safety, public works, health & human services, culture & recreation and conservation & development. The business-type activities include the Franklin Water Utility and the City Sanitary Sewer fund.

The government-wide financial statements include not only the City itself (known as the primary government) but also a legally separate Community Development Authority for which the City is financially accountable. Financial information for this blended component unit is reported as part of the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A & B of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Debt Service and TIF Districts Funds, that are considered to be major funds. Data from the remaining eleven governmental funds are combined into a single, aggregated presentation. Individual fund

data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The basic governmental fund financial statements can be found on Exhibits C, D, E & F of this report. These statements include a budgetary comparison statement of the General Fund.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Library Operating Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

**Proprietary funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Franklin Water Utility, the Sanitary Sewer Fund and the Internal Service Fund.

The basic proprietary fund financial statements can be found on Exhibits G, H & I of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The fiduciary funds maintained by the City are the Property Tax Agency Fund, that records the tax roll and tax collections for the City and other taxing jurisdictions, and other agency funds to record their activity.

The basic fiduciary fund financial statements can be found on Exhibit J of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 71 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately following the notes to the financial statements. These schedules 1 to 9 can be found on pages 72 – 86 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$172,740,058 and \$170,538,938 at the end of 2007 and 2006, respectively.

**CITY OF FRANKLIN NET ASSETS**  
**December 31, 2007 and 2006**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 54,283,378	\$ 54,074,489	\$ 3,570,688	\$ 3,371,841	\$ 57,854,066	\$ 57,446,330
Capital assets	108,520,754	101,472,776	90,242,855	88,299,652	198,763,609	189,772,428
Total assets	162,804,132	155,547,265	93,813,543	91,671,493	256,617,675	247,218,758
Long-term liabilities	47,294,304	42,786,531	70,071	66,363	47,364,375	42,852,894
Current liabilities	35,580,150	32,992,292	933,091	834,634	36,513,241	33,826,926
Total liabilities	82,874,454	75,778,823	1,003,162	900,997	83,877,616	76,679,820
Net assets:						
Invested in capital assets, net of related debt	75,855,538	61,597,340	90,242,854	88,299,652	166,098,392	149,896,992
Restricted	5,173,895	7,295,036	225,177	215,267	5,399,072	7,510,303
Unrestricted	(1,099,755)	10,876,066	2,342,349	2,255,577	1,242,594	13,131,643
Total net assets	\$ 79,929,678	\$ 79,768,442	\$ 92,810,380	\$ 90,770,496	\$ 172,740,058	\$ 170,538,938

The largest portion of the City's net assets (approximately 96 and 88 percent, in 2007 and 2006, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$166,098,392 and \$149,896,992 in 2007 and 2006, respectively of the year end net assets. The changes in capital assets were as follows:

	Net Capital Asset		Change in Capital		Net
	Additions	Depreciation	Related Debt	Increase	
2007	\$ 12,905,808	\$ (3,914,628)	\$ 7,210,220	\$ 16,201,400	
2006	10,917,057	(2,858,215)	(819,327)	7,239,515	

The major City projects contributing to this increase was the reconstruction of 31<sup>st</sup> Street from Drexel north to the extension, the reconstruction 51<sup>st</sup> Street north of Rawson, the reconstruction of Oakwood Road from 34<sup>th</sup> Street east and in 2006 was the construction of the extension of 31<sup>st</sup> Street. Infrastructure contributed by developers as part of developer's agreements contributed approximately \$953,000 in 2007 and \$938,000 in 2006 to the capitalized infrastructure through capital grants and contributions of governmental activities and \$1,630,000 in 2007 and \$1,477,000 in 2006 to capitalized infrastructure through capital grants and contributions for business-type activities.

An additional portion of the City's net assets (3.1 percent and 4.4 percent in 2007 and 2006, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$5,399,072 and \$7,510,303, respectively in those net assets that were restricted to specific purposes with the remaining balance of \$1,242,594 and \$13,131,643, in 2007 and 2006 respectively in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the City was able to report positive balances in the net assets of the government as a whole as well as for its separate business-type activities. The governmental activities net assets did show a deficit in 2007 primarily due to the City's decision to use available resources through interfund advances to the new TIF's to provide the initial funding needed by these TIF's. In this way after the TIF expenditures are substantially completed, a external borrowing can be completed for that district with the interfund advances then repaid. The benefits to this process include only borrowing what is needed for actual expenses, not having excess funds in the district awaiting expenditures and achieving lower interest costs through a shorter loan repayment period.

There was a 2007 decrease of \$2,121,141 in restricted net assets reported in connection with governmental activities. The decrease was due to the reduction in available debt service funds (\$1,296,000), the reduction in impact fees (\$841,000) and the growth in other restricted funds (\$16,000).

There was a 2006 increase of \$2,827,790 in restricted net assets reported in connection with governmental activities. The increase was primarily due to the increase in available debt service funds (\$2,772,000), the use of utility improvement funds to pay for 31<sup>st</sup> Street and Ryan road sewer improvement projects (\$651,000) offset by the growth in available Development funds (\$632,000).

There was a 2007 decrease of \$11,975,821 in unrestricted net assets reported in connection with governmental activities. The major reasons for the decrease was the initial expenditures in the new TIF Districts (\$9,029,000) and the expenditure of funds in the Capital Improvement fund (\$3,138,768)

The 2006 increase of \$634,003 in unrestricted net assets reported in governmental activities. The major reason for the increase was the increase in the General Fund.

#### **Governmental activities.**

Governmental activities in 2007 increased the City's net assets by \$161,236 accounting for 7 percent of the total growth in the net assets of the City. Elements of this increase follow:

- Decrease due to the increase in Long term Debt of \$5,268,153
- Increase in governmental activities capital assets net of depreciation of \$7,047,978
- Net increase from internal service activities of \$528,961
- Net decrease from special assessment activities of \$309,927
- Net decrease from other fund activities of \$1,998,859

Governmental activities in 2006 increased the City's net assets by \$7,500,593 accounting for 71 percent of the total growth in the net assets of the City. Elements of this increase follow:

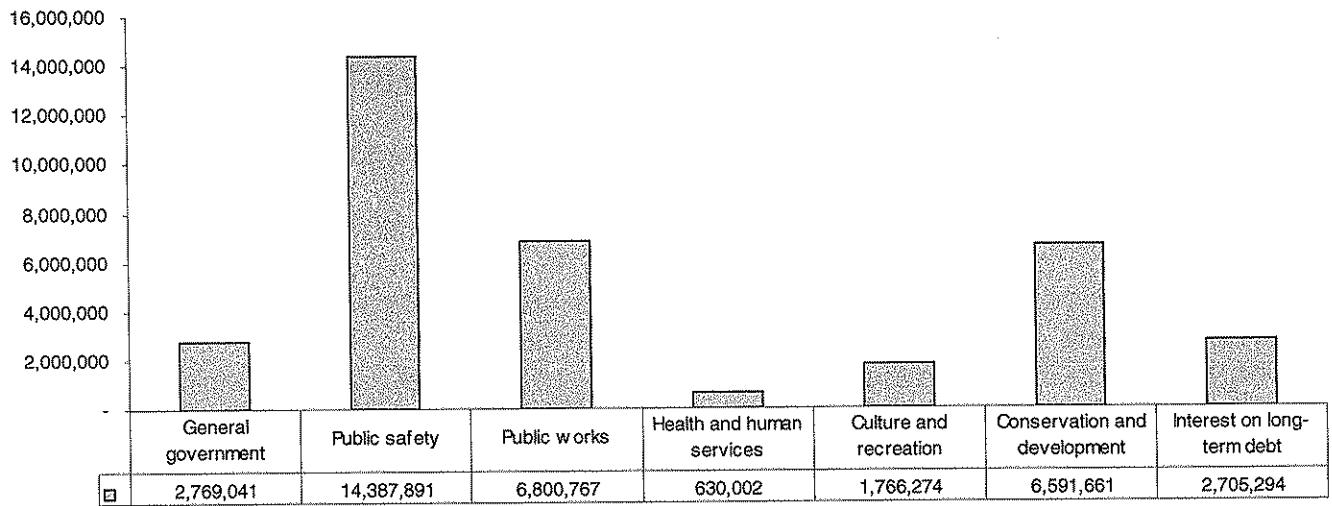
- Net increase in Debt service activities of \$3,226,644
- Increase in governmental activities capital assets net of depreciation of \$4,851,792
- Increase from general fund activities of \$605,850
- Net increase from internal service activities of \$292,172
- Net decrease from TIF Districts activities of \$690,802
- Net decrease from other fund activities of \$785,063

The details of changes in net assets follow:

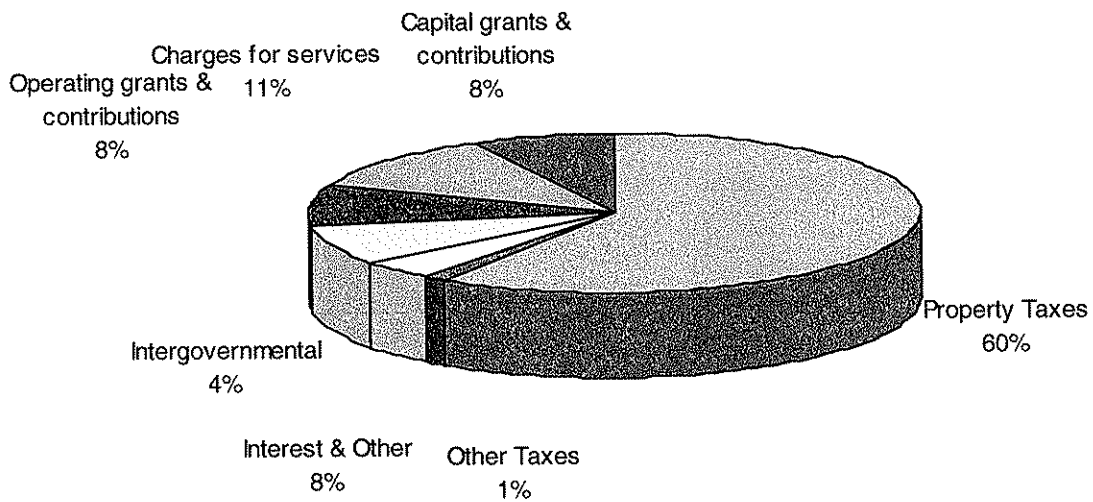
**City of Franklin Changes in Net Assets  
For the Year Ending December 31, 2007 and 2006**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue	(Restated)					
Program revenue:						
Charges for services	\$ 4,128,196	\$ 4,864,627	\$ 5,956,073	\$ 5,452,364	\$ 10,084,269	\$ 10,316,991
Operating grants & contributions	2,957,937	2,015,885	-	-	2,957,937	2,015,885
Capital grants & contributions	2,753,612	4,890,241	1,629,536	1,477,041	4,383,148	6,367,282
General revenue:						
Property taxes	21,641,373	20,420,758	-	-	21,641,373	20,420,758
Other taxes	429,674	419,168	-	-	429,674	419,168
Intergovernmental	1,461,840	1,334,594	-	-	1,461,840	1,334,594
Other	2,999,792	2,609,206	154,633	159,293	3,154,425	2,768,499
Total revenue	<u>36,372,424</u>	<u>36,554,479</u>	<u>7,740,242</u>	<u>7,088,698</u>	<u>44,112,666</u>	<u>43,643,177</u>
Expenses:						
General government	2,769,041	2,730,575	-	-	2,769,041	2,730,575
Public safety	14,387,891	13,981,613	-	-	14,387,891	13,981,613
Public works	6,800,767	4,709,613	-	-	6,800,767	4,709,613
Health & Human services	630,002	592,278	-	-	630,002	592,278
Culture & Recreation	1,766,274	1,859,328	-	-	1,766,274	1,859,328
Conservation & development	6,591,661	634,983	-	-	6,591,661	634,983
Interest on long-term debt	2,705,294	2,574,761	-	-	2,705,294	2,574,761
Water	-	-	3,620,524	3,342,925	3,620,524	3,342,925
Sewer	-	-	2,640,092	2,603,652	2,640,092	2,603,652
Total expenses	<u>35,650,930</u>	<u>27,083,151</u>	<u>6,260,616</u>	<u>5,946,577</u>	<u>41,911,546</u>	<u>33,029,728</u>
Increase in net assets before transfers	721,494	9,471,328	1,479,626	1,142,121	2,201,120	10,613,449
Transfers	(560,258)	(1,970,735)	560,258	1,970,735	-	-
Increase in net assets	161,236	7,500,593	2,039,884	3,112,856	2,201,120	10,613,449
Net assets - beginning	79,768,442	72,267,849	90,770,496	87,657,640	170,538,938	159,925,489
Net assets - ending	<u>\$ 79,929,678</u>	<u>\$ 79,768,442</u>	<u>\$ 92,810,380</u>	<u>\$ 90,770,496</u>	<u>\$ 172,740,058</u>	<u>\$ 170,538,938</u>

### Expenses by Function - Governmental Activities



### Revenue by Source - Governmental Activities



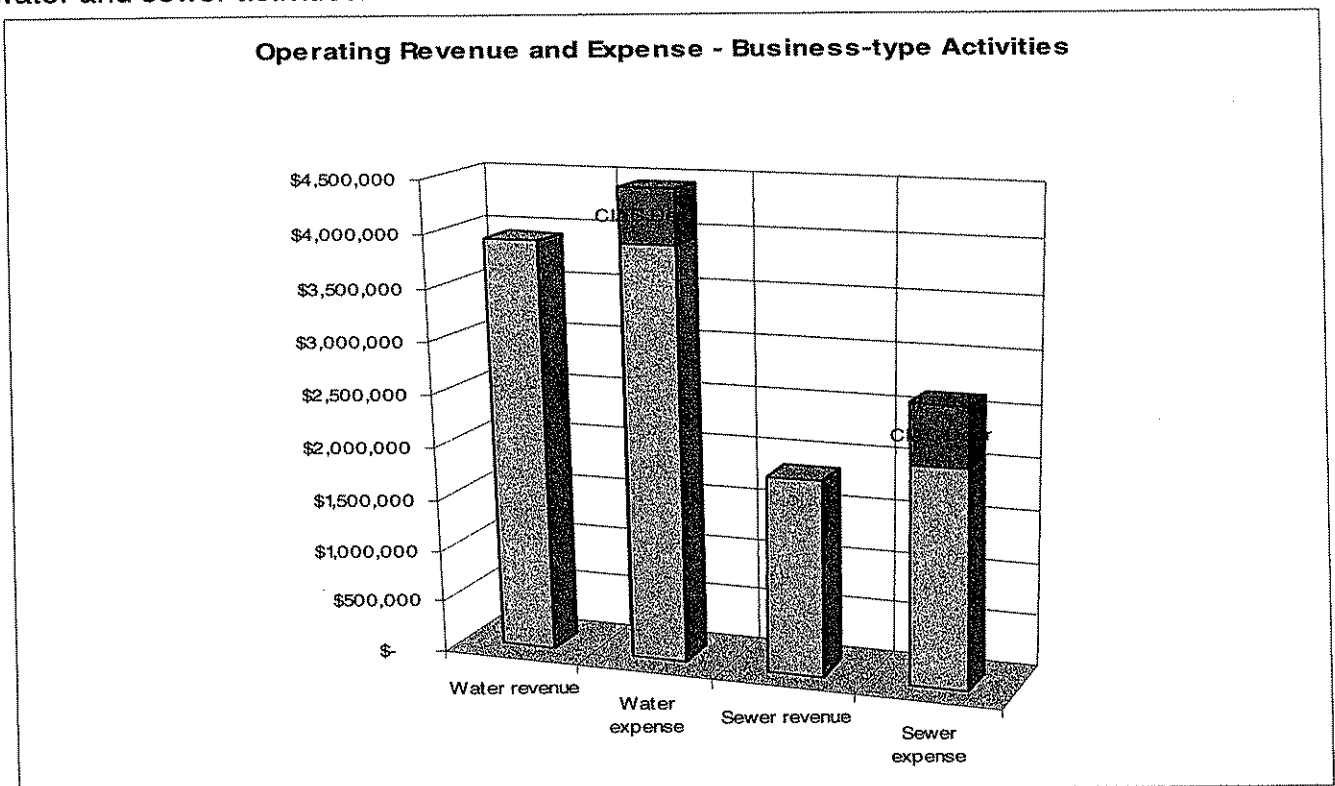
**Business-type activities.** In 2007, business-type activities increased the City's net assets by \$2,039,884 or 2.2 percent from the prior year. The key elements of this increase follow:

- The increase from operating activities (the change in net assets excluding capital contributions and its related depreciation expense was \$83,112. The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The sewer revenue remains below the level necessary to meet this goal.
- Developer contributions of water infrastructure - \$1,966,833 consisting of thirteen developer projects and two City projects
- Developer contributions of sewer infrastructure - \$1,060,306 consisting of eleven developer projects
- Depreciation expense related to contributed assets - \$1,070,367

In 2006, business-type activities increased the City's net assets by \$3,112,856 or 3.6 percent from the prior year. The key elements of this increase follow:

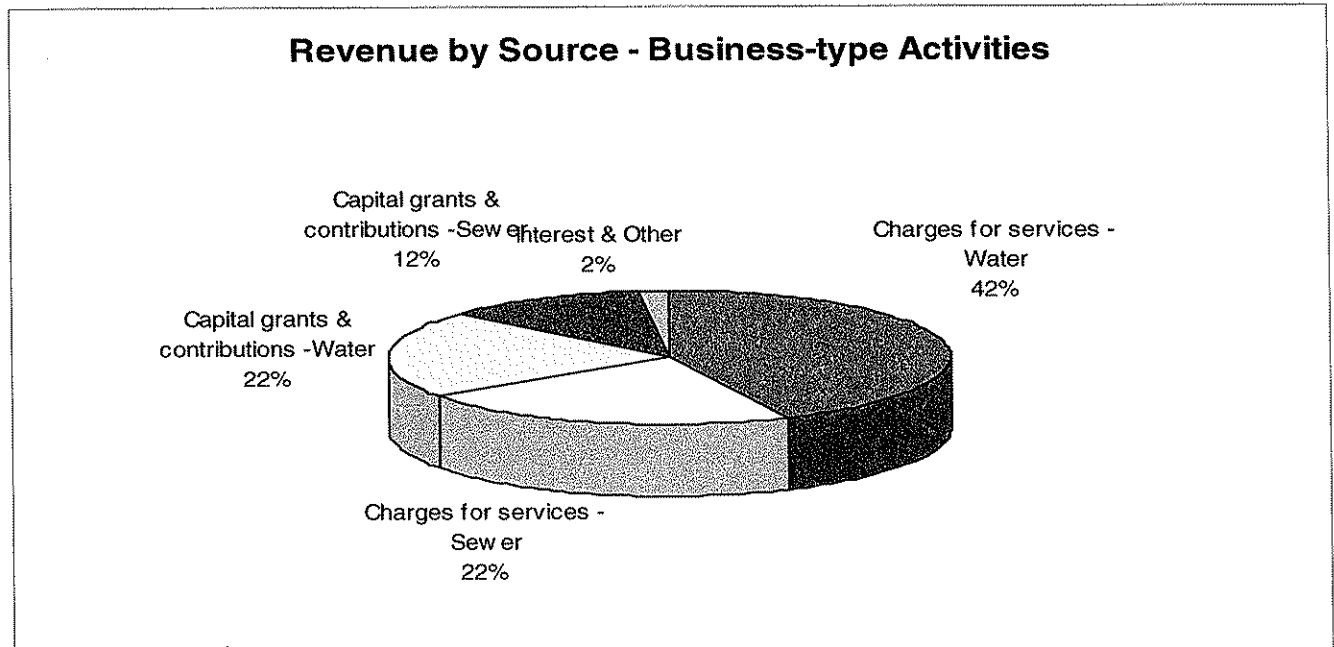
- The (loss) from operating activities (the change in net assets excluding capital contributions and its related depreciation expense) was \$(77,985). The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The sewer revenue is currently below the level necessary to meet this goal.
- Developer contributions of water infrastructure - \$2,313,373 consisting of ten developer projects and four City projects
- Developer contributions of sewer infrastructure - \$1,911,741 consisting of three developer projects and three City projects
- Depreciation expense related to contributed assets - \$1,034,273

The following graph compares the 2007 charges for services to the operating expenses for water and sewer activities.



Water and Sewer expenses exceed revenue due to the current policy of only including depreciation from City spending on capital assets in the rate formula. The large amount of new infrastructure that is being installed each year is the reason for this policy. When maintenance and replacement costs begin to increase this policy may need to be reevaluated.

As shown on the following chart, the Business-type revenue includes capital grants and contributions, investment earnings and miscellaneous income in addition to charges for services (operating revenue).



### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's **governmental funds** is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,611,000, a decrease of \$2,124,465 in comparison with the prior year. At year end there was unreserved fund deficit in total or \$8,473,809. Of this total unreserved fund deficit, the following amounts were committed to specific types of activities; i.e., \$4,889,492 for general fund activities, \$1,206,529 for special revenue fund activities, \$685,308 for capital project activities and offset by a \$15,255,138 deficit in the TIF Districts activities. The TIF Districts deficit is due to the favorable type of interim financing selected and will be addressed by a permanent source of financing at an appropriate time.

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$12,240,785), 2) for TIF District purposes (\$15,100,000) 3) for utility improvement purposes (\$380,961), 4) for library purposes (\$357,875), 5) uncompleted contracts (\$1,265,000), 6) encumbrances (\$452,000) and 7) for emergency medical services, prepaid expenses, inventories, donations and grants (\$288,188).

The **General Fund** is the chief operating fund of the City. As of December 31, 2007, the total fund balance of the general fund was \$5,935,482 of which \$4,889,492 was unreserved. This unreserved fund balance represents approximately 22 percent of 2008 total general fund expenditures.

The total fund balance of the general fund decreased by \$1,086,352 in fiscal year 2007. The 2007 annual program budget for the City's general fund identified an appropriation of \$1,050,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenses were less than budgeted expenses by approximately 4 percent or \$963,654 and actual revenue was less than budget revenue in the general fund by \$49,006 or approximately .2 percent resulting using \$135,352 of the fund balance. In addition the City's Common Council transferred \$1,015,000 of the fund balance to other funds for their use. The underexpenditures were mainly from vacancy in authorized positions and unused contingency.

The **Debt Service Fund** has a total fund balance of \$12,240,785, \$2,240,785 of which is reserved for the payment of debt service and \$10,000,000 is reserved for advances made to TIF Districts fund. The fund balance increase came from funds transferred from the Capital improvement fund and landfill siting fees.

The **TIF Districts Fund** has an unreserved fund deficit of \$15,255,138 and a reserved fund balance of \$10,604,000 for a net fund deficit of \$4,651,138. The fund deficit is due to receiving long term advances from the Debt Service Fund and investing those funds in infrastructure less a \$10 million loan to support a note receivable issued under a development agreement.

**Proprietary fund.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Utility at the end of the year amounted to \$1,709,697, an increase of \$160,179 from December 31, 2006. The growth in total net assets was \$1,561,362.

Unrestricted net assets of the Sanitary Sewer Fund at the end of the year amounted to \$632,652, a decrease of \$73,407 from December 31, 2006. The growth in total net assets was \$478,522.

The financial statements for the enterprise funds can be found on Exhibits G, H and I of this report.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor except for the \$1,015,000 in transfers to other funds. There were additional appropriations that came from other departments or from the contingency budgeted.

Actual expenditures were less than budgeted expenditures by \$963,654. This amount was across all functions. The Information services, Police, Dispatch, Highway and City Development departments accounted for the largest portion of the under expenditures. The unused contingency budget was \$255,000. The underexpenditures were reduced by overexpenditures in administration, fire, animal control, unclassified and parks budgets.

With revenue decreased and expenditures less than budget, the need to draw upon existing fund balance was reduced to \$135,352. Combining that with the transfers to other funds resulted in a fund balance decrease of \$1,086,352.

## Capital assets.

The City's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$198,763,608 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

<b>City's Investment in Capital Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
		(Restated)				
Land	\$ 24,286,755	\$ 22,617,918	\$ 426,384	\$ 426,384	\$ 24,713,139	\$ 23,044,302
Buildings and Improvements	22,198,446	22,037,727	2,383,341	2,373,341	24,581,787	24,411,068
Improvements other than buildings	77,748,558	69,646,069	103,178,888	100,027,157	180,927,446	169,673,226
Machinery and and equipment	13,685,806	13,331,264	1,959,801	1,928,364	15,645,607	15,259,628
Construction in process	144,154	1,863,283	662,700	566,427	806,854	2,429,710
Total capital assets	138,063,719	129,496,261	108,611,114	105,321,673	246,674,833	234,817,934
Less Accumulated depreciation	(29,542,965)	(28,023,485)	(18,368,260)	(17,022,021)	(47,911,225)	(45,045,506)
Capital assets net of Depreciation	\$ 108,520,754	\$ 101,472,776	\$ 90,242,854	\$ 88,299,652	\$ 198,763,608	\$ 189,772,428

The total increase in the City's net investment in capital assets for the current fiscal year was a total of \$8,991,180 net of depreciation or a 4.7 percent increase.

For further details on capital asset activity, refer to Note 1(D)5, Note 4(D) Note 5(F) of the Notes to Financial Statements and Schedules 8 – 8.2.

### Long-term debt

At December 31, 2007, the City had general obligation note and bond issues outstanding totaling \$49,705,000. State statutes limit the amount of general obligation debt a governmental entity may issue up to 5 percent of its total equalized valuation. The current debt limitation for the City is \$184,452,720., The City's current outstanding general obligation debt is 27% of the statutory debt limit. In the last 15 years the City has not exceeded 34 percent of the statutory debt limit.

In early 2007 the City borrowed \$10,000,000 in taxable general obligation notes for the City's TIF District No. 3 purposes. Also in early 2007 the City borrowed \$9,925,000 in tax exempt general obligation bonds to refinance \$9,470,000 of existing general obligation bonds resulting in a present value savings of approximately \$450,000.

The City's present rating from Moody's for its general obligation debt is "Aa2".

The City also has outstanding \$2,375,000 of redevelopment revenue obligations that were issued in order to evidence a loan from the City's Community Development Authority (CDA) to the City. The CDA financed its loan to the City by issuing redevelopment lease revenue bonds. The proceeds of the redevelopment revenue obligations were used to finance the City's Business Park. The obligations are being repaid property tax revenue generated by the City's TIF District No. 2. The CDA debt is not subject to the City's statutory debt limit referred to in a preceding paragraph.

The Franklin Water Utility has no debt outstanding. The Board of Water Commissioners intention is to generally avoid debt by maintaining and building cash and investments and from time to time making improvements to its rate structure. The utility's plan is to make future infrastructure improvements including water main replacement and new water service from current reserves and from City collected impact fees.

### City of Franklin's Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds and notes	\$ 49,705,000	\$ 41,600,000	\$ -	\$ -	\$ 49,705,000	\$ 41,600,000
Revenue bonds	<u>2,375,000</u>	<u>5,195,000</u>	<u>-</u>	<u>-</u>	<u>2,375,000</u>	<u>5,195,000</u>
Total	<u>\$ 52,080,000</u>	<u>\$ 46,795,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,080,000</u>	<u>\$ 46,795,000</u>

Additional information of the City's long-term debt can be found in note 4(F), Schedule 5 and Tables 10 – 12 in the statistical section of the report.

## **Economic Factors, Tax Rates and Next Year's Budgets**

- The unemployment rate as of December 31, 2007 for the City was 3.7%, Milwaukee County which includes the City, is 5.3 percent. This compares with an unemployment rate of 4.6 percent for the State of Wisconsin.
- The local tax rate change for operations for the current and prior two years were 1.93%, -1.63% and 1.89%, respectively.
- The tax levy increase for the current and prior two years were, \$935,000, \$666,700, and \$1,085,689, respectively.
- The 2008 budgets require a local tax rate that increased 3.18% which together with growth will result in a tax levy increase of \$1,054,000 or 5.70 percent.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance & Treasurer, 9229 West Loomis Road, Franklin, WI 53132.

General information or more detailed financial and budget information relating to the City of Franklin, Wisconsin, can be found at the City's website, [www.franklinwi.gov](http://www.franklinwi.gov).